

Message Text

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ACTION AEC-11

INFO OCT-01 EA-11 ISO-00 SCI-06 L-03 ABF-01 OMB-01 NAS-01

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R 130412Z AUG 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3881

LIMITED OFFICIAL USE SECTION 1 OF 2 TOKYO 10486

E.O. 11652: N/A

TAGS: TECH, JA, US

SUBJECT: ABCC

REF: (A) STATE 170184, (B) TOKYO 9533, (C) TOKYO 9932,

(D) TOKYO 8819

1. ON BASIS REF A, SCICOUNS, POLITICAL OFFICER, AND AEC REP HAVE HELD FURTHER DISCUSSION OF ABCC RESTRUCTURING WITH FONOFF (MATSUURA). EMBREPS CONVEYED ONCE AGAIN US HOPE THAT DOCUMENTS COULD CONVEY MORE EXPLICITLY JOINT NATURE OF MANAGEMENT AND OPERATION OF NEW INSTITUTE. FYI, IN THIS REGARD, COMMENT REPORTED IN PARA 1, REF B, WAS NOT INTENDED TO ELICIT EXPLICIT LANGUAGE SUGGESTIONS FROM GOJ, BUT RATHER INTENDED TO SET GENERAL TONE FOR ENSUING DISCUSSION, AND TO RESERVE US POSITION ON LANGUAGE PROPOSED BY GOJ IN REF D. SINCE THIS LANGUAGE WAS PROPOSED BY GOJ, EMBASSY BELIEVED AT TIME OF DISCUSSION REPORTED REF B, AND CONTINUES TO BELIEVE THAT BALL IS NOW IN US COURT TO PROPOSE MODIFICATIONS IF GOJ LANGUAGE DOES NOT MEET OUR NEEDS. END FYI.

2. MATSUURA RESPONSE WAS TO INQUIRE WHETHER US SATISFIED WITH GOJ PROPOSALS OF REF D, EXCEPT FOR LANGUAGE ON CONSULTATION TO WHICH WE HAVE TAKEN SPECIFIC EXCEPTION. MATSUURA RECONFIRMED THAT GOJ IS REVIEWING POSSIBILITY OF MAKING CLEAR THAT CONSULTATION COULD TAKE PLACE AT REQUEST OF EITHER PARTY, BUT INDICATED THIS WOULD BE MUCH EASIER TO RESOLVE IF GOJ COULD BE INFORMED THAT LANGUAGE IN OTHER RESPECTS IS ACCEPTABLE TO USG. MATSUURA
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STRESSED ONCE AGAIN THAT LANGUAGE OF REF D IS "AS FAR AS

JAPANESE SIDE CAN GO," BUT DID NOT RULE OUT LANGUAGE CHANGES WHICH WOULD MAKE THESE PROPOSALS MORE ACCEPTABLE TO US, IF PROPOSED BY US SIDE. AS INDICATED ABOVE, WE AGREE WITH MATSUURA THAT BALL IS IN OUR COURT.

3. IN CONTINUING DISCUSSION OF HOW THESE PROVISIONS MIGHT BE STRENGTHENED FROM US VIEWPOINT, SCICOUNS POINTED TO FACT THAT LINK BETWEEN RESPECTIVE GOVERNMENTS AND RESPECTIVE DIRECTORS ON BINATIONAL BOARD, WHICH, IN FINAL ANALYSIS, IS KEY TO JOINT MANGEMENT AND OPERATION OF FACILITY, IS NO LONGER EXPLICIT. THUS, LANGUAGE CHANGES TO MAKE THIS LINK MORE CLEAR MIGHT BE TYPE OF MODIFICATION WHICH WOULD IMPROVE DOCUMENTS FROM US VIEW-POINT. MATSUURA RESPONDED THAT INITIAL DIRECTORS COULD OF NECESSITY BE NAMED ONLY BY RESPECTIVE GOVERNMENTS, AND THAT, IN PRACTICE, THEIR REPLACEMENTS AS WELL WOULD HAVE TO BE NOMINATED BY GOVERNMENTS, EVEN THOUGH, AS LEGAL NECESSITY, ACT OF ENDOWMENT CALLS ON BOARD TO DESIGNATE NEW DIRECTORS. MOREOVER, MATSUURA NOTED THAT "RECORD OF DISCUSSIONS" AS ORIGINALLY PROPOSED BY FONOFF INCLUDED LANGUAGE (PARA 4) WHICH WOULD EXPRESS "WISH" OF USG THAT US DIRECTORS WOULD BE THOSE RECOMMENDED BY USG. HE RECALLED THAT THIS LANGUAGE WAS ELIMINATED IN REDRAFT OF PARA 4 AT INITIATIVE OF US REPS WHO FELT IT TOO WEAK. AS FAR AS GOJ IS CONCERNED, HE SAID, IT CAN BE RESURRECTED.

4. EMBASSY AGREES THAT ORIGINAL LANGUAGE, ESPECIALLY LAST SENTENCE OF PARA 4 OF RECORD OF DISCUSSIONS, WHICH INDICATED THAT "WISH" OF THE USG WOULD BE CONVEYED TO PERSONS CONCERNED ON THE JAPANESE SIDE, WAS TOO WEAK. WE BELIEVE, HOWEVER, THAT RETENTION OF CONCEPT THAT DIRECTORS ARE LINKED, BY SELECTION PROCESS, TO THEIR RESPECTIVE GOVERNMENTS, IS DESIRABLE. AS NOTED ABOVE, THIS LINK IS A KEY ELECMENT IN ASSURING BINATIONAL CHARACTER OF INSTITUTE, AND WHILE WE ARE CONVINCED THAT LINK WILL EXIST IN PRACTICE, WE PRESUME SPECIFIC REFERENCE TO IT, WITHIN FRAMEWORK OF NEW FORMULATION OF PARA 4 PROPOSED BY GOJ, WOULD BE DESIRABLE FOR PRESENTATIONAL REASONS. EMBASSY, THEREFORE, SUGGESTS THAT WE PROPOSE ADDITION TO PARA 4 (REF D), AFTER WORDS "DISPOSITION OF PERMANENT PROPERTIES," OF THE "QUALIFICATIONS OF CANDIDATES FOR DIRECTORS AND OTHER OFFICERS."

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5. INTIAL CONTRIBUTIONS

MATSUURA RECONFIRMED THAT, ON BASIS FURTHER STUDY, JURIDICAL PERSON BASED ON ASSOCIATION OF PERSONS, RATHER THAN ON "PROPERTY" COULD NOT FULFILL FUNCTIONS OF NEW INSTITUTE. WE ARE CONVINCED THAT THIS CONCLUSION IF FIRM ON PART OF JAPANESE, WHO ARE NECESSARILY BEST AUTHORITIES ON THEIR OWN LAWS AND PRACTICES. WE URGED MATSUURA ONCE AGAIN TO FURNISH EXPLANATION OF BASIS FOR THIS

CONCLUSION, BUT WE DO NOT BELIEVE USEFUL PURPOSE WILL BE SERVED BY EFFORT TO FORCE INSTITUTE INTO MOLD WHICH DOES NOT FIT. REFERRING TO NATURE AND MAGNITUDE OF INITIAL CONTRIBUTIONS, HOWEVER, MATSUURA MADE WHAT WE REGARD AS SIGNIFICANT OBSERVATION THAT MHW HOPES THAT INITIAL US CONTRIBUTIONS WOULD INCLUDE LAND AND EQUIPMENT, BUT THAT "AT LEAST" EQUIPMENT WAS NECESSARY TO GIVE INSTITUTE NECESSARY STATUS. AS REPORTED IN REF C, MHW IS CURRENTLY EXPLORING WITH FINANCE MINISTRY INITIAL JAPANESE CONTRIBUTION OF COMPUTER. THUS, THERE SEEM TO BE SEVERAL POSSIBILITIES OPENING UP FOR A SOLUTION OF PROBLEM OF MUTUAL INITIAL CONTRIBUTIONS TO NEW INSTITUTE.

6. AUDIT

THERE WAS NO FURTHER SUBSTANTIVE DISCUSSION OF THIS POINT. BACKGROUND MATERIAL PROMISED IN REF A HAS NOT YET REACHED EMBASSY.

7. SCIENTIFIC REVIEW

EMBASSY SEES NO CONFLICT BETWEEN MATSUURA'S EXPLANATION THAT SCIENTIFIC REVIEW NOW WOULD COMPLICATE SELLING NEW ARRANGEMENTS TO DIET, AND OFT-STATED GOJ POSITION THAT THEY MUST AVOID TREATY-TYPE ARRANGEMENT WHICH WOULD REQUIRE DIET APPROVAL. AS IN US, GOJ BUDGETARY APPROPRIATIONS REQUIRE PARLIAMENTARY APPROVAL, AND DIET CONSIDERATION OF BUDGET IS CUSTOMARILY OCCASION FOR SUBSTANTIVE REVIEW OF PROGRAM FOR WHICH APPROPRIATION REQUESTED. THIS PROCEDURE WAS REPORTED IN TOKYO 3338 AND A-226, AND IF FACT, IN SEEKING DIET APPROVAL OF JAPANESE FINANCIAL CONTRIBUTION FOR 1974, FONOFF AND MHW INFORMED DIET OF GENERAL APPROACH TO RESTRUCTURING OF ABCC. HOWEVER, THIS SORT OF DIET INVOLVEMENT IS FAR DIFFERENT FROM THAT WHICH WOULD BE INVOLVED IN FORMAL APPROVAL OF TREATY.

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ACTION AEC-11

INFO OCT-01 EA-11 ISO-00 SCI-06 L-03 ABF-01 OMB-01 NAS-01

TRSE-00 CIAE-00 INR-11 NSAE-00 RSC-01 DRC-01 /048 W

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8. UNIVERSITY RELATIONS

MATSUURA AGREES THIS IS AREA WHERE INTERESTS FULLY COINCIDE AND UNDERTOOK TO MAINTAIN CONTACT WITH MINISTRY OF EDUCATION LOOKING TOWARD EXCHANGE OF LETTERS.

9. COMPETENT MINISTER

EMBOFFS EXPRESSED US PREFERENCE FOR TERM "COMPETENT MINISTER" IN ACT OF ENDOWMENT, AND MATSUURA CONFIRMED THAT THIS IS ACCEPTABLE TO GOJ.

10. NEXT MEETING

MATSUURA WELCOMED CONFIRMATION OF US INTEREST IN FINAL NEGOTIATING MEETING THIS FALL, BUT EXPLAINED THAT HIS OWN AND OTHER ABSENCES IN SEPTEMBER (HE WILL BE IN OTTAWA WITH FONMIN), MAKE MEETING AT THAT TIME IMPRACTICAL. HE SUGGESTS SECOND WEEK OF OCTOBER. PLEASE ADVISE IF ACCEPTABLE. MATSUURA'S CONCEPT OF NON-AGREEMENT ITEMS TO BE COVERED AT FINAL SESSION APPEARS TO COINCIDE WITH LIST IN REF A.

11. 1974 FINANCING

EMBOFFS REMINDED MATSUURA ONCE AGAIN, AS WE HAVE ON EVERY RECENT OCCASION WE HAVE MET WITH FONOFF AND/OR MHW OFFICIALS ON ABCC MATTERS THAT ABCC FINANCING PRIOR TO APRIL 1974 IS IN LIMITED OFFICIAL USE

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PRECARIOUS STATE, AND INCREASED JAPANESE FUNDING LIKELY TO BE NEEDED. WE HAVE STATED THAT DETAILS WILL BE MADE KNOWN TO MHW OFFICIALS ON COMPLETION OF US REVIEW OF FINANCIAL REQUIREMENTS. WE BELIEVE THESE WARNINGS ARE REACHING POINT OF DIMINISHING RETURNS AND THAT IT IS NOW ESSENTIAL THAT US FURNISH GOJ WITH RESULTS OF FINANCIAL REVIEW AND SPECIFIC STATEMENT OF REQUIREMENTS WHICH WE WISH JAPAN TO MEET. EMBASSY HAS ALSO STRESSED NEED FOR CONSULTATION OF 1975 FINANCING FIGURE.

12. EMBASSY COMMENT

EMBASSY BELIEVES THAT DISCUSSIONS WITH FONOFF ON FORMATION OF NEW INSTITUTE HAVE REACHED POINT THAT WE MUST PUT FORWARD SPECIFIC PROPOSALS TO MAKE FURTHER PROGRESS. WHERE ISSUE INVOLVES LANGUAGE OF AGREEMENT DOCUMENTS (I.E., ACT OF ENDOWMENT, EXCHANGE OF NOTES, AND RECORD OF DISCUSSIONS), US PROPOSALS SHOULD TAKE FORM OF SPECIFIC LANGUAGE SUGGESTIONS. EMBASSY BELIEVES MATSUURA WAS

IMPLYING THAT GOJ WILL ACCEPT US PROPOSAL ON CONSULTATION LANGUAGE PROVIDED THIS IS OUR ONLY CHANGE IN NEW PROVISIONS. ON NON-AGREEMENT ISSUES, SUCH AS INTIAL CONTRIBUTION, ETC., US PROPOSALS SHOULD ALSO BE EXPLICIT AS POSSIBLE. EMBASSY REQUESTS THAT INSTRUCTIONS BE FURNISHED AS SOON AS POSSIBLE TO ENABLE IT TO CARRY FORWARD NEGOTIATIONS, SINCE MATSUURA, WHO IS KEY JAPANESE NEGOTIATOR, WILL BE OUT OF TOKYO FOR LARGE PART OF SEPTEMBER.

13. SIMILARLY, AS REFLECTED IN PARA 11, FURTHER PROGRESS ON SHORT-TERM FINANCIAL ISSUE REQUIRES THAT WE BE SPECIFIC ON HOW MUCH MONEY IS REQUIRED WHEN. EMBASSY BELIEVES PROPER CHANNEL FOR PRESENTATION THIS ISSUE IN FIRST INSTANCE IS VIA ABCC TO MHW, BUT EMBASSY WILL PROVIDE ALL POSSIBLE SUPPORT AT POLITICAL LEVEL.
HODGSON

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